

Setting the Fiscal Policy Agenda: Economic News and Election Year Tax Debates in New Zealand

*André Broome**

How the media reports political debates over fiscal policy may be important, especially in an election year. This case study carries out a qualitative content analysis of print media coverage of fiscal policy in New Zealand's three most recent election campaigns in 2005, 2002 and 1999. In contrast to earlier years, the print media narrowly interpreted the policy implications of the country's economic performance in the 2005 election, thereby helping to limit the parameters for public debate. The print media reinforced a common sense perception that, when the budget is in surplus, governments can and should cut income taxes rather than pursuing other fiscal policy goals.

Introduction

In the 1980s and 1990s, New Zealand was held up as a paradigmatic example of neo-liberalism in practice, before the election of a Labour-led government in 1999 that promised to halt structural economic reform and to raise the top rate of income tax in order to finance an increase in social spending (Hazledine and Quiggin, 2006; Catt, 2000). Income tax was an issue in the 1999 election but the media reporting represented New Zealand voters as weary of neo-liberal reform and as prepared to pay higher taxes for more social services. In the 2002 election, income tax did not rate as a priority issue for voters and the media discussion of the major political parties' tax policies was reduced to the occasional article in the business pages of New Zealand newspapers. Media coverage of the 2002 campaign was instead dominated by an acrimonious debate over genetically modified food (Rupar, 2006; Geddis, 2004). Unlike New Zealand's elections in 1999 and 2002, however, in the 2005 election campaign fiscal policy exploded as an issue in a debate that revolved around the need to reduce the country's income tax 'burden' through tax cuts. This article seeks to understand the emergence of widespread discontent with the government's tax policy in 2005 and its impact on that policy and on the election outcome, through a focus on the discursive role the print media played in shaping public debate over fiscal policy.

Recent studies of the mass media's agenda-setting role have suggested that in addition to telling us *'what to think about'* by selecting some issues as 'newsworthy' rather than others, the media can also tell

us *'how to think about it'* through 'framing' how news items are reported (McCombs, 2005: 546). News frames function as a cognitive constraint because they 'call attention to some aspect of reality while obscuring other elements' (Entman, 1993: 55). Such media framing has the potential to guide how readers think about political information, by defining what counts as a political 'problem', diagnosing the cause and prescribing an appropriate solution (Entman, 1993: 52). The recent survey by Street of contemporary theories of the political impact of the mass media shows that much of the focus within political science has been on the effects of the media on political rationality and voting behaviour (2005: 19). In the literature on economic voting, for example, a number of studies have explored whether or not the media's coverage of a government's economic record has corresponded with 'objective' indicators of economic performance, and whether this has had identifiable effects on voters' political preferences (Sanders et al, 1993; Nadeau et al, 1999, 2000; Clarke and Stewart, 1995; Hetherington, 1996).

It is clear that numerous factors condition the media's influence on political outcomes, and the fact that the media are not separate or distinct from society makes it difficult to identify the direction of causality at any given moment (Newton, 2006: 214-18). However, the news media provides the main arena for the framing of political issues, sustaining a forum that does not only reflect but can also reinforce and shape voters' political concerns. Several studies show that the mass media is likely to be one of the main sources of voters' 'economic outlooks' (Nadeau et al, 1999, 2000; Hetherington, 1996). Political parties seek to induce the media to frame political debates in their preferred terms, driven by the belief that this will encourage voters to identify their own concerns and values with the party's policy program (Curran, 2006).

Much of the research on the influence of the mass media on economic voting has focused on instances where the media has exaggerated 'negative' economic news (Hetherington, 1996). In a study of the 'winter of discontent' that ushered in the Thatcher era in the UK, Hay (1996) has argued that public support for economic policy changes was ultimately empowered by the discursive construction in the media of a national crisis. This article argues that it is also possible for the media to construct 'positive' economic news in such a way as to generate support for a change in policy direction. The New Zealand election of 2005 provides an example in which the media construction of fiscal policy helped to reinforce public support for tax cuts by reinforcing a common sense perception that governments should cut income taxes when the budget is in surplus.

This article does not seek to demonstrate a direct causal relationship between the media's coverage of tax policy and electoral outcomes.

Instead, it uses New Zealand as a case study to illustrate how this country's print media influenced political debates over tax policy – attempting, in effect, to *set the fiscal policy agenda* – by narrowly interpreting the policy implications of the country's recent economic performance and future economic prospects. The article begins by describing the contemporary role of the media in New Zealand politics and providing a brief overview of the country's political context. It then sets out the methods used for this study, before exploring in detail how New Zealand newspapers have framed public debate about fiscal policy across the country's three most recent general elections. In the concluding section, it discusses how Labour narrowly won the 2005 election after partially adopting the language of tax cuts, having been influenced by the way the media framed public debate about fiscal policy.

The Media and Politics in New Zealand

The media's potential influence over electoral outcomes in New Zealand has increased in recent decades. Following deregulation during the 1980s, the media industry has become highly concentrated, with media outlets largely foreign owned in comparison with other Western democracies (Cross and Henderson, 2004: 147). Over the same period, the salience of short-term influences on voting decisions (such as current issues, party leaders' personal characteristics and the campaign itself) has increased relative to long-term influences such as social and economic background (Hayward and Rudd, 2000: 89; Atkinson and Vowles, 2003; on class voting in New Zealand, see Vowles, 2001: 176). These short-term influences tend to amplify the role of the media. New Zealand's adoption of a Mixed Member Proportional (MMP) electoral system from 1996 has increased the influence of the media because parliamentary representation is now determined by a party's total share of votes, in contrast to the former 'winner takes all' First Past the Post system modelled on the United Kingdom (Cross and Henderson, 2004: 142).¹

The example of the self-styled 'centre' party, United Future, in the 2002 election aptly illustrates the increased influence of the media in the MMP system (Cross and Henderson, 2004: 150). The party had been ignored by the media during the previous election in 1999, but following favourable media commentary and analysis of United Future leader Peter Dunne's performance during a televised party leaders' debate in 2002, the party leapt from 1 to 7 per cent in opinion polls within a week (Miller, 2005: 186). At the time, the party had only a single electorate MP (Dunne) in a parliament of 120 members. Under the former First Past the Post system United Future would have been unlikely to gain any

additional parliamentary seats from such a rise in support, but under the MMP system the party's subsequent 6.7 per cent vote share translated into eight MPs. This enabled United Future to play a more significant role in the 2002-05 parliament as a support party to the government on confidence and supply votes, in exchange for a small number of policy concessions and opportunities for policy consultation with government ministers (on the role of support parties in proportional electoral systems, see Bale and Bergman, 2006). The strategic lessons from this episode were not lost on the minor parties. When one television station initially excluded them from its planned party leaders' debate in the 2005 election campaign, Dunne and Jim Anderton (leader of the small left-leaning Progressive Party) successfully petitioned the High Court for an injunction to compel the television station to include them. The two party leaders argued that their exclusion from the debate would be contrary to the public interest, and that the loss of valuable media exposure could have a detrimental effect on electoral support for their parties (*Dunne v Canwest TVWorks Limited*, 2005).

The media in New Zealand frequently embed debates about taxation and the affordability of social democratic initiatives such as increased social spending within a wider public discourse about economic globalisation. This phenomenon is not unique to New Zealand. Since the 1980s, proponents of neo-liberal policy in numerous countries have drawn on the 'external constraint' of economic globalisation as a rationale for fiscal reform to 'flatten' tax rates (Hay, 2001; Steinmo, 2003; Swank and Steinmo, 2002; Lavelle, 2005). Indeed, despite evidence to the contrary (Hobson, 2003), proponents of tax cuts often represent economic globalisation as an ungovernable process in which states are engaged in an inevitable 'race to the bottom' on tax competition.

New Zealand went through a neo-liberal policy revolution during 1984-92 that surpassed the experience of Thatcherism in the UK in respect of both the comprehensiveness of structural economic reform and the speed with which it was executed. Unlike in Britain it was a Labour government, and in particular Finance Minister Roger Douglas, that implemented New Zealand's program of economic liberalisation, in an attempt to give the economy a proverbial 'shot in the arm' after a sustained period of relative economic decline (Bale, 2003: 202-4). Following the meltdown of the fourth Labour government and Labour's subsequent rout at the 1990 election, the centre-right National Party remained in power through a series of majority and minority administrations until 1999. In contrast to the National Party's traditional policy conservatism, the period of National government initially involved an intensification of neo-liberal reforms during 1990-92 driven by Finance Minister Ruth Richardson, which prompted widespread public dismay at the breach of

National's pre-election promises and its uncharacteristically radical approach to state-driven economic change (James, 1998: 20-1).

Following a decade and a half of policy activism, the triumph of Helen Clark's Labour Party at the polls in November 1999 came on the back of campaign promises to govern in the interests of social stability, rather than to introduce further radical policy changes. The Labour Party joined in coalition with the Alliance, a party positioned to Labour's left. The campaign promised some big ticket 'corrections' to the excesses of 'Rogernomics' and 'Ruthanasia'. Policy shifts under a Labour-led government from 1999 included a rise in the top rate of income tax by 6 per cent to 39 per cent (from the comparatively low rate of 33 per cent); linking pensions to 65 per cent of the average wage; and removing market rentals for publicly owned housing by linking rents to tenants' income. The new government also abolished interest charges on student loans for the duration of tertiary study, and passed industrial relations legislation that knocked some of the hard edges off National's employment reforms, in theory reinstating some of the union rights that had been abolished in the early 1990s. However, like Tony Blair's New Labour government in the UK, the Clark government in New Zealand appeared singularly focused on winning the next election (Bale, 2003: 205, 207). The Labour Party leadership prioritised this aim to the exclusion of other political-economic goals that might have appealed to social democrats back in power after almost a decade on the opposition benches (or two and a half decades, if one discounts the 1984-90 Labour government because of its economic liberalism) (Hazledine and Quiggin, 2006: 148).

Newspaper Content Analysis

The editorial lines of newspapers in New Zealand long favoured the conservative National Party, in the same way that the UK press mostly endorsed the Conservative Party in election campaigns until 1997 (Newton and Brynin, 2001: 280). After some 'thawing' in editorial stance toward New Zealand Labour in the 1970s, a process of 'editorial de-alignment' in the 1980s and 1990s led to the contemporary media climate in which editors seldom extend blanket endorsements of individual parties and any support is attended by critical qualifications (Rudd, 1992: 127; Hayward and Rudd, 2003: 260). Newspaper readership is high in New Zealand although television dominates the media landscape, in part because there is no national daily newspaper. Metropolitan newspapers continue to provide an important source of voters' political information during election campaigns, however, and political issues are debated in much greater depth in newspapers than they are in television coverage (Cross and Henderson, 2004: 143).

This content analysis examines several major metropolitan daily newspapers in New Zealand: the *Dominion Post* (and its predecessors the *Dominion* and the *Evening Post*, which merged in July 2002), the *New Zealand Herald* (*Herald*), and the *Christchurch Press* (*Press*). Tony O'Reilly's Ireland-based APN group owns the *Herald*, while Rupert Murdoch owned Independent Newspapers Limited (INL), which includes the *Dominion Post* and the *Press*, until INL was sold to Australia's John Fairfax in 2003 (Cross and Henderson, 2004: 148). Unlike the British print media, there is no tabloid/broadsheet divide among New Zealand's daily newspapers, and hardcopy circulation among the country's four million people is effectively constrained by regional monopolies (Bale, 2005: 388-9). Nevertheless, the majority of news reports, editorials, and opinion articles were freely available on the World Wide Web during the three periods of this study, with the exception of the *Herald*, which began restricting its online opinion content to paying subscribers during the 2005 election campaign. The *Press* is the most popular paper in the South Island, with a circulation of around 90,000. The *Dominion Post*, based in Wellington, has a circulation of around 98,000. The *Herald* is the main paper in Auckland, the most populous city in New Zealand, with a circulation of just over 200,000 (New Zealand Audit Bureau of Circulations, 2005). These papers were searched on the Proquest ANZ database (except for the *Herald* which was searched on Factiva) for articles which contained significant content on 'tax' in the six-month period running up to each of the three most recent general elections, held in November 1999, July 2002 and September 2005. Articles were removed that did not include significant content on income tax.² Following each of these elections, Labour was the largest party in parliament and formed a minority coalition government through a variety of support agreements with smaller parties, ad hoc arrangements that have changed following each subsequent election.

The bulk of articles on income taxation were 'hard' news stories and news reports that presented the parties' various taxation proposals but did not explicitly seek to analyse them. These news items typically listed the various tax policy promises on offer, which were sometimes followed by quotes from a small selection of 'authoritative' sources such as economists and brief statements from party leaders or their finance spokespeople. Such news items may not present a balanced overview of an issue, because the media select certain groups or individuals to provide a 'neutral' and 'expert' comment on competing tax policy proposals rather than other potential sources (for an analysis of the opaque nature of the newsgathering process in New Zealand, see Rugar, 2006). This study distinguishes analytical articles from 'hard' news stories and news reports, and concentrates on the former because they incorporate a

greater degree of analysis of the parties' competing policy proposals. For instance, analytical articles discussed the possible economic and social effects of income tax changes – especially for the 'sacred cows' of health and education spending – and compared New Zealand's current fiscal policy and the parties' alternative tax proposals with other Organisation for Economic Cooperation and Development (OECD) countries. By concentrating on analytical articles, this content analysis is able to explore how newspapers sought to set the parameters for public debate about income tax through leader editorials, detailed feature articles and opinion pieces that explicitly aimed to supply readers with a ready-made interpretation of political parties fiscal policies. Once widely established in the print media, a dominant interpretation of a policy issue provides newspaper readers with a framework that can inform their understanding of the selection of policy proposals, social facts and economic data that the print media puts before them every day in 'hard' news stories and news reports.

Tables 1 to 3 set out the number of leader editorials, analytical articles and opinion pieces in the six months leading up to each of the 1999, 2002 and 2005 elections. The number of explicitly interpretive articles on income tax in the six months leading up to the 2005 election was 10 times that in respect of the 2002 election and more than three times that in 1999.

Table 1: Tax in the NZ Media, June – November 1999

Title	Opinion pieces	Editorial/Leader	Analytical articles	Total
<i>New Zealand Herald</i>	10	3	13	26
<i>Dominion</i>	2	2	15	19
<i>Evening Post</i>	3	5	10	18
<i>Christchurch Press</i>	6	5	13	24
Total	21	15	51	87

Table 2: Tax in the NZ Media, February – July 2002

Title	Opinion pieces	Editorial/Leader	Analytical articles	Total
<i>New Zealand Herald</i>	2	0	5	7
<i>Dominion Post</i>	0	1	0	1
<i>Dominion</i>	1	2	6	9
<i>Evening Post</i>	0	1	1	2
<i>Christchurch Press</i>	1	1	7	9
Total	4	5	19	28

Table 3: Tax in the NZ Media, April – September 2005

Title	Opinion pieces	Editorial/ Leader	Analytical articles	Total
<i>New Zealand Herald</i>	31	6	35	72
<i>Dominion Post</i>	19	12	41	72
<i>Christchurch Press</i>	11	10	35	56
Total	61	28	111	288

Political Debates over Fiscal Policy in 1999 and 2002

This section examines how the media helped to define the key issues of the 1999 and 2002 campaigns. Although tax was discussed in the lead up to the 1999 election, income tax rates were not a priority issue for voters in 1999 when Labour campaigned to raise the top rate of tax. Income tax scarcely featured in the 2002 election year, although the government had a sizeable budget surplus in that year.

The *Herald* observed in 1999 that, if the election that year was to be decided by political parties' alternative tax promises, 'voters will have been presented with a good selection' to choose from (*Herald*, 29 September 1999). Labour leader Helen Clark and her deputy Michael Cullen were cognizant of the damage done by the 'high tax' tag that National had pinned on the party in the 1993 election campaign (McGregor, 1996: 127). Labour sought to resolve uncertainty over its tax policy early in 1999 by confronting voters with a two-pronged argument. They argued, first, that a small tax rise was necessary to raise funds to finance the party's popular plans to increase social spending and, second, that only the top 5 per cent of earners would bear the extra tax burden. The National Party, in contrast, offered as a major plank of its pitch for re-election to a fourth consecutive term in government to knock a cent off the 21 per cent income tax rate and to marginally lift the income level at which the top rate of 33 per cent would be operational (*Press*, 12 October 1999). A minor party to National's right, ACT New Zealand, advocated moving toward a flat tax rate, while the Alliance on Labour's left proposed adding two new higher income tax brackets to make the system more progressive (*Herald*, 29 September 1999).

Despite several newspaper editorials implying the existence of 'widespread fears' among voters that the centre-left parties in government 'would make a bigger tax grab' than they had admitted (*Press*, 22 September 1999), an examination of the media analysis during the 1999 campaign reveals a rather different kind of public debate about fiscal policy. Several commentators represented New Zealand society as weary of a decade and a half of neo-liberal reforms, speaking on behalf of voters

who were 'sick of sweeping economic and social changes' that had 'cost jobs' and were 'seldom explained' (*Press*, 2 November 1999). With the media reporting little public belief in the benefits of further tax cuts for their own sake, the National government found itself on the back foot in 1999 following several news articles that reinforced doubts over the efficacy of its own tax package. An image gradually emerged in the media of a 'last gasp' National government seemingly at the end of its political life, either cynically hawking tax cuts for votes or else defending its economic policy plans with ideological rationales that were, apparently, not widely shared among the population. The Labour and Alliance parties offered the first politically viable alternative to further neo-liberal reform in 15 years and were careful to disavow publicly the existence of any radical left-wing agenda. The media engaged in a re-evaluation of the social and economic 'pain' the country had undergone since 1984. A number of articles during the campaign suggested that the previous economic reforms had been of little or no benefit to most of the population and this helped to reinforce the centre-left parties' message of the need for a change in economic policy direction.

Through signalling a tax increase to pay for its election promises rather than simply making vague claims of their affordability, the Labour Party was able in 1999 to claim the mantle of 'fiscal responsibility' for its economic plans. Frequent media repetition of Labour's strategy to connect its proposed tax rise with the social benefits on which it planned to spend the money helped to present the party's fiscal plans as 'responsible'. This was especially the case when the media cited figures showing that only people whose earnings were at the top end of the salary scale would be affected by Labour's tax changes (*Evening Post*, 14 June 1999). The 'responsible' image had particular resonance in the uncertain economic environment following the Asian financial crisis of 1997-98, unlike National's promise to match tax cuts dollar for dollar with spending increases. Indeed, in response to National's fiscal plans an *Evening Post* editorial thundered that 'the economy isn't capable of sustaining further tax cuts and reduced state revenue at the moment', and linked this judgment to the accusation that the 'public also knows that much of the recent gains from tax cuts went in increased state charges' (*Evening Post*, 16 June 1999).

It would be misleading to imply that the media's evaluation of parties' competing tax proposals in 1999 all went Labour's way. A *Dominion* editorial, for example, sought to make 'sound' economic management synonymous with tax reductions by challenging the National government and its new Finance Minister Bill English to demonstrate their 'credibility' with 'a clear promise of tax cuts' (*Dominion*, 23 June 1999). However, as the date of the election neared news

articles appeared with headlines such as ‘voters willing to live with tax rises’, which drew attention to the willingness of selected individuals on high salaries to have scarce state funds spent on increased funding for health and education rather than tax cuts. Such reporting helped to reinforce the framing of these two ‘social equity’ issues as the highest priorities for voters heading to the polls in November (*Evening Post*, 15 November 1999).

The 2002 election was in several ways an easier victory for the Labour Party, despite the Prime Minister calling an early election for July due to the implosion of Labour’s coalition partner following its internal disputes over political strategy and policy ideas. With a disorganised and demoralised opposition, tax barely rated a mention in most media coverage of the 2002 campaign relative to 1999 and 2005, as indicated in Table 2. The media assessed the government’s first term track record as demonstrating that Labour had no secret agenda for radical economic policy changes. The media even gave some qualified praise to Labour for its left-leaning economic pragmatism and for Finance Minister Michael Cullen’s uncompromising ‘reputation for fiscal prudence’ (*Press*, 24 May 2002).

The National Party again offered tax cuts in 2002, as it has at every election since 1996, and continued to receive some editorial support from newspapers. The *Press*, for example, stated that National’s policy was ‘based on sound principles’ and that ‘the more money ... left in citizens’ pockets the better, because it increases individual wealth and choice’. Despite such ‘sound principles’, however, the same editorial observed that the party’s income tax policy could be ‘easily pilloried as a handout to the rich, which it is, and not easily justified as a catalyst to growth that will benefit everyone, which it might be’ (*Press*, 18 April 2002). A *Dominion* editorial drew on the ‘external constraint’ posed by economic globalisation to argue that the Labour Party’s ‘classic’ policy of increasing taxes ‘dampens the economy and drives off investors’. The editorial nonetheless concluded that ‘selling’ National’s proposals to reduce the top rate of income tax to ‘middle-of-the-road voters’ would prove to be a difficult task (*Dominion*, 17 April 2002). The National Party simply did not rate in content analysis of editorials in the 2002 election campaign. Hayward and Rudd (2003: 260) conclude that editors ‘seemed resigned to Labour winning the election’, and were focused instead on attempting to influence the government’s policy intentions. Economic debates were pushed into the background in 2002, with the campaign dominated by public concerns over genetically modified food (Rupar, 2006). Labour obtained 41.3 per cent of the vote compared to National’s poor showing of 20.9 per cent in this election.

Setting the Agenda for Tax Cuts in 2005

Labour's sixth budget in May 2005 set the tone for the party's re-election strategy to win a third term in government. Before this budget, a steady stream of economic data gradually reinforced the perception that on most macroeconomic indicators 'Kiwis had never had it so good' since before the 1973 oil shocks. In addition to comparatively strong rates of economic growth,³ New Zealand had the lowest official unemployment rate among the OECD countries in 2005. The government ran a NZ\$6.4 billion surplus in the eight months up to February 2005.⁴ Since 1999, Labour-led governments had increased funding in key vote-winning areas such as health and education, yet had simultaneously produced large budget surpluses that enabled the party credibly to claim the mantle of 'fiscal responsibility'. The government's economic good fortune would have seemed 'wishful thinking' in Labour circles before the economic boom years that followed the 1999 election.

An opinion poll run for the *Herald* six weeks before the May 2005 budget suggested that most voters supported the government's strategy of using the fiscal benefits flowing from the economic 'good times' to invest further in health and education. When asked whether the government should 'spend more on services such as health and education', 52.6 per cent of respondents agreed, compared with 27.9 per cent who agreed that the government should 'give everyone a tax cut' (*Herald*, 5 April 2005). This seemed to suggest that the Labour Party's previously successful attempts to set the agenda for public debates over tax policy – as an opportunity to increase the country's level of infrastructure spending and 'social investment' – would work again in 2005. Poll respondents said they did not want the government to spend the extra revenue from strong economic growth and low unemployment on tax cuts, despite the large budget surplus that in theory would have allowed both tax cuts and social spending increases to appear feasible. Overall, Labour continued to enjoy healthy poll ratings before the budget, gaining 47.7 per cent of respondents' support compared to the National Party's 34.5 per cent in a *Herald* DigiPoll survey on 1 April (*Herald*, 1 April 2005).

The budget that Finance Minister Michael Cullen delivered on 19 May 2005 included minor alterations to the company tax structure, the extension of the flagship 'Working for Families' social assistance package and the establishment of a 'KiwiSaver' workplace savings scheme to boost national savings and to assist low-income earners to buy their first home. Labour also proposed slight changes to income tax thresholds, which would be increased to compensate for 'bracket creep' caused by inflation from 2008 if Labour were re-elected. These measures were viewed in some quarters of the media as positive steps. However, the favourable reporting of these changes was quickly drowned out by a

torrent of negative assessments of what the media reported as the government's 'failure' to introduce significant income tax cuts. Minister Cullen justified the budget by cautioning that handing out 'too much jam today' would lead to not enough 'jam' in the future. This warning was widely mocked by political rivals, most notably when the leader of self-styled 'centre' party New Zealand First pointed out that for most workers the proposed tax threshold changes would only add 67 cents to their weekly wage packets, allowing them to buy an extra pack of chewing gum each week in three years time. When Minister Cullen subsequently acknowledged that a political mistake had been made, lead stories with headlines such as 'Cullen admits tax-cut error' reinforced the sudden impression of a government behind in its game and out of tune with popular sentiment (*Press*, 8 June 2005).

The media continued to reinforce this interpretation with negative assessments of what reporters christened Labour's 'Chewing Gum Budget' (*Press*, 13 June 2005), a phrase that was repeated in editorials, in news reports and in opinion articles almost daily during the months leading up to polling day in November 2005. The frequent use of this phrase cued newspaper readers to accept as an established fact that Labour's 2005 budget was 'tight-fisted' in its entirety, despite the fact that it contained several expensive fiscal initiatives that were unrelated to changes in income tax. As Fairclough suggests, 'subject matters ... only enter texts in the mediated form of particular constructions of them' (1992: 286). The print media helped to shape a perception that the government had somehow 'cheated' New Zealand voters out of 'affordable' tax cuts. Unlike Labour and National administrations in the 1980s and 1990s, the Clark Labour-led government had violated the public's trust through its policy *inaction* rather than policy activism. The media supported this reassessment of Labour by interpreting the country's positive economic indicators, especially the increasingly large budget surplus, as evidence that the government *could* and *should* reduce tax rates, and criticised the government's response that the budget surplus was 'cyclical' and tax cuts were therefore unaffordable. A *Dominion Post* editorial reflected the general discursive approach when it labelled Labour's fiscal plans a 'budget of disappointment' (*Dominion Post*, 24 May 2005). A feature article on the budget ignored the government's other fiscal policy changes to conclude that 'the only thing Dr Cullen's sixth budget will be remembered for is its derisory tax cuts' (*Dominion Post*, 23 May 2005). Negative media judgments such as these helped to set the parameters for public debate over fiscal policy by focusing public attention on what Labour's budget had *not* offered, rather than on what it had.

New Zealand has a small population and a comparatively vulnerable open economy. Many New Zealanders look to Australia as the 'big

brother' across the Tasman for political and economic comparisons that inform how New Zealand voters evaluate their own government. What made matters worse for Labour in 2005 was the Australian Treasurer's announcement of across-the-board tax cuts in its budget handed down on 9 May 2005, which the media immediately used as a benchmark against which to judge New Zealand Labour's tax proposals. An article in the *Dominion Post* emotively praised the Australian tax reforms as a 'slashing and burning' which made for 'sickening reading' in comparison with the 'sheer timidity of Dr Cullen's shuffling and trimming' (*Dominion Post*, 20 May 2005). After the Australian budget but before Cullen's budget of 19 May 2005, the business pages of New Zealand newspapers represented the Australian tax cuts as a move that threatened to speed up New Zealand's 'brain drain'. This served to link New Zealand's tax 'problem' to an existing media frame whereby the solution was to compete with Australia for skilled labour by maintaining lower rates of income tax. For example, one article cited warnings from business lobby groups, selected tax specialists and the National Party that the country's highly skilled workers would now have an even greater incentive to vote with their feet and relocate to Australia (*Dominion Post*, 12 May 2005).

On 15 June 2005, a post-budget Fairfax New Zealand/ACNielsen poll indicated that Labour was in electoral trouble, with the party now receiving only 40 per cent support among respondents, compared to National's close 38 per cent. The poll, based on 1110 registered voters, suggested that 75 per cent of respondents would support 'immediate income tax cuts'. In an apparent shift from earlier elections and in contrast to pre-budget polling data, 64 per cent of those respondents in favour of tax cuts said they would still support tax cuts even 'if public spending was reduced as well'. Individual opinion polls should never be over-emphasised and this one may only indicate the complexity of voters' policy preferences; a month later, the same poll showed sizeable majorities in favour of Labour's policies to introduce interest-free student loans for graduates who remained in New Zealand and to refuse to send troops to Iraq if they were requested by the United States (ACNielsen, 15 August 2005).

However, the media attention given to this and similar polls provided a major political boost to the National Party as the opposition prepared their own tax policy proposals, while the Labour government was thrown into damage control. As discussed above, the National Party had offered tax cuts to voters in 1999 and in 2002 without generating either popular excitement or electoral success. Furthermore, the party's warnings that a Labour-led government would pursue a radical left-wing agenda had not been borne out, with one reporter instead encapsulating the Labour Party's record after six years in power in such lacklustre language as 'the

vanilla years' under a government that lacked vision and was 'born to be mild' (*Press*, 13 August 2005). Given the uncontroversial style of Labour's economic policy and its strong opinion poll lead at the beginning of the year, why did tax explode as a political issue in 2005?

A significant difference between the 2005 campaign and the 1999 and 2002 campaigns can be seen in the parameters the media helped to set in 2005 on public debate over tax policy. These parameters were based on a narrow interpretation of the policy implications of New Zealand's economic good fortune. When the impact of the public discourse about income tax became apparent in opinion polling, Labour quickly dumped some of the social democratic language in which it had previously couched its Working for Families 'social assistance' package. This package was re-branded as 'targeted tax relief' or 'family tax relief'. In addition, the package was significantly expanded at the start of the official election campaign to appeal to middle-income voters as well as to families on below-median incomes. In opposition, National's campaign was boosted by a simplistic but seemingly effective communication strategy, which was reinforced by the way the tax debate was represented in the media. National sought to cut through Labour's complicated arguments against tax cuts with billboards featuring a dour Helen Clark on the left-hand side, set against a red background with the single word 'Tax'. On the right-hand side of the billboard was the smiling image of Don Brash, National Party leader since 2003, set against a blue background with the word 'Cut' (see also Maddison, 2006: 431). A range of powerful symbolic dualisms similar to those in National's billboards drove the media's representation of the priority issues for voters in an election where they were faced with a distinctive choice over political parties' competing visions for New Zealand's future.

Jam or Chewing Gum?

The 2005 election was one of the closest New Zealand election campaigns in recent years. It culminated in a bidding war over 'bread and butter' economic issues and nearly terminated the Clark-led Labour Party's period in office. In the event, the two major parties' vote shares were almost even in 2005, reflecting a very big increase in support for the National Party. Labour's share of the vote was slightly reduced and Labour squeezed ahead with 41.1 per cent of the vote to National's 39.1 per cent. As in previous years under the MMP system, the support of minor parties United Future and New Zealand First was essential to enable either Labour or National to form a government. With the onus on these two 'centre' parties to attempt first to negotiate a workable arrangement with the largest party in parliament, the two extra MPs that Labour had gained over National made all the difference.

Throughout the era of neo-liberal reform in the 1980s and 1990s, New Zealand social democrats had struggled to maintain a progressive tax base and to resist further attempts to 'downsize' the state, such as Labour Finance Minister Roger Douglas's 'flat tax' proposal in 1987 to introduce a single rate of income taxation set at around 23 per cent (Chapman, 1992: 5). Labour supporters in 1999 had hoped that once it was returned to government the party would be able to set the policy agenda for the 21st century, in a similar fashion to the first Labour government after 1935 that created a policy mould that shaped successive administrations for the next 50 years. Instead, the New Zealand Labour Party adopted a 'vanilla' position on economic policy in 1999 and 2002, and in the 2005 election campaign it seemed compelled to adopt its opponents' discursive strategies, driven by the high level of consensus in the media on the 'need' for tax cuts. The media overwhelmingly discussed tax cuts as affordable, and even inevitable, for a government sitting on a large budget operating surplus. This interpretation was reinforced through news frames that helped to define the fiscal status quo as a political 'problem' following the 2005 budget, which was 'caused' in part by tax competition from Australia but more directly resulted from Labour's failure to make the best use of the economic 'good times', for which the 'solution' was across-the-board income tax cuts. As a result, the Labour Party was reduced to defending its flagship social assistance package by arguing that the extra fiscal revenue generated from stronger than expected economic growth should be redistributed through 'targeted tax cuts' aimed at 'deserving' sections of the population, rather than spread thinly across universal tax reductions.

Following the 2005 election, it remains an open question whether the New Zealand Labour Party won the election battle but lost the 'war' to set the long-term fiscal policy agenda. The series of events explored in this case study suggest that, in an election year, the print media in a liberal market economy can help to construct a window of opportunity for fiscal reform by narrowly interpreting how the benefits of a country's economic good fortune should be utilised. Support for policy change may therefore be empowered by a 'logic of necessity' not only through the media's representation of a national crisis (Hay, 1996) and the exaggeration of 'negative' economic news, but also through interpretation of 'positive' economic news. Thus, the media can try to frame public debate about fiscal policy in a way that downgrades higher social spending objectives in favour of tax cuts when national accounts are comparatively healthy.⁵

This New Zealand case study suggests that social democratic parties in government are potentially vulnerable to a neo-liberal logic of the desirability of tax cuts to increase individual wealth even when they sign

up to the discourse of ‘fiscal responsibility’ (cf Sinclair, 2000). By setting the parameters for public debate about fiscal policy in this way in 2005 compared with the elections in 1999 and 2002, the New Zealand print media helped to create a common sense perception among voters that the country had a window of opportunity to enact ‘affordable’ income tax cuts. The key was the establishment and repetition in the media of an authoritative interpretation of the policy implications resulting from New Zealand’s economic performance in 2005, which concluded that the country’s economic good fortune and large budget surpluses provided a unique opportunity to cut taxes rather than to pursue other potential fiscal policy goals.

Notes

- * My grateful thanks to Raymond Apthorpe, Daniel Biro, Nicholas Henry, Joel Quirk, Verica Rugar, Taylor Speed, Ryan Walter, and an anonymous reviewer for *Law in Context* for their helpful comments on an earlier draft of this article.
1. To gain parliamentary representation in MMP, parties must win at least a 5 per cent vote share, or one electorate seat. This enhances the role of the media even further for minor parties that are sitting just above or below the 5 per cent threshold in opinion poll support.
 2. The content analysis method employed here is adapted from Tim Bale’s (2005) study of how and why a country’s print media will draw ‘lessons’ from the domestic politics of other countries in order to delimit the range of policy positions and electoral strategies that seem viable to local political parties. My grateful thanks go to Verica Rugar for helpful suggestions on how to classify these news items.
 3. Following a recession in 1997-98 during the National Party’s last term of government, the economy grew in real terms by 5.2 per cent in the year to March 2000, 2.3 per cent to March 2001, 3.5 per cent to March 2002, 4.6 per cent to March 2003, and 3.6 per cent to March 2004 (New Zealand Treasury, 2005).
 4. A sizeable budget surplus when compared with the country’s total gross domestic product, worth NZ\$137.5 billion in 2004.
 5. To the extent that the promotion of a sense of social crisis did play into the tax debate, however, this took the form of a moral panic over the increasing ‘brain drain’ of highly skilled New Zealand workers to Australia, ostensibly as a result of Australia’s ‘lower tax burden’.

References

- ACNielsen (2005) Fairfax ACNielsen Political Poll, <www.acnielsen.co.nz/MRI_pages.asp?MRIID=26>.
- Atkinson, J and J Vowles (2003) ‘Campaign Effects and the Media in New Zealand: Evidence from Recent Elections’, Paper Presented at the Annual Meeting of the American Political Science Association, Philadelphia, 28-31 August.
- Bale, T (2003) ‘Pricking the South Sea Bubble: From Fantasy to Reality in Labour-led New Zealand’ 74(2) *Political Quarterly* 202.
- Bale, T (2005) ‘“It’s Labour, But Not as we Know It”. Media Lesson-Drawing and the Disciplining of Social Democracy: A Case Study’ 7(3) *British Journal of Politics and International Relations* 386.

- Bale, T and T Bergman (2006) 'A Taste of Honey is worse than none at all? Coping with the Challenges of Support Party Status in Sweden and New Zealand' 12(2) *Party Politics* 189.
- Catt, H (2000) 'Commentary: The New Zealand Election of 27 November 1999' 35(2) *Australian Journal of Political Science* 299.
- Chapman, R (1992) 'A Political Culture Under Pressure: The Struggle to Preserve a Progressive Tax Base for Welfare and the Positive State' 44(1) *Political Science* 1.
- Clarke, HD and MC Stewart (1995) 'Economic Evaluations, Prime Ministerial Approval and Governing Party Support: Rival Models Reconsidered' 25(2) *British Journal of Political Science* 145.
- Cross, S and J Henderson (2004) 'Public Images and Private Lives: The Media and Politics in New Zealand' 57(1) *Parliamentary Affairs* 142.
- Curran, C (2006) 'Language Matters: Setting Agendas – Taking Charge of the Language', Background Paper to Otago/Southland Labour Party Regional Conference, May.
- Entman, RM (1993) 'Framing: Toward Clarification of a Fractured Paradigm' 43(4) *Journal of Communication* 51.
- Fairclough, N (1992) 'Intertextuality in Critical Discourse Analysis' 4(3-4) *Linguistics and Education* 269.
- Geddis, A (2004) 'The General Election in New Zealand, July 2002' 23 *Electoral Studies* 149.
- Hay, C (1996) 'Narrating Crisis: The Discursive Construction of the "Winter of Discontent"' 30(2) *Sociology* 253.
- Hay, C (2001) 'The Invocation of External Economic Constraint: A Genealogy of the Concept of Globalization in the Political Economy of the British Labour Party, 1973-2000' 6(2) *The European Legacy* 233.
- Hayward, J and C Rudd (2000) 'Metropolitan Newspapers and the Election' in J Boston, S Church, S Levine, E McLeay, and NS Roberts (eds), *Left Turn: The New Zealand General Election of 1999* Wellington: Victoria University Press.
- Hayward, J and C Rudd (2002) 'The Coverage of Post-War Election Campaigns: The Otago Daily Times' 54(2) *Political Science* 3.
- Hayward, J and C Rudd (2003) 'Read All About It: Newspaper Coverage of the General Election' in J Boston, S Church, S Levine, E McLeay, and NS Roberts (eds), *New Zealand Votes: The General Election of 2002* Wellington: Victoria University Press.
- Hazledine, T and J Quiggin (2006) 'No More Free Beer Tomorrow? Economic Policy and Outcomes in Australia and New Zealand since 1984' 41(2) *Australian Journal of Political Science* 145.
- Hetherington, MJ (1996) 'The Media's Role in Forming Voters' National Economic Evaluations in 1992' 40(2) *American Journal of Political Science* 372.
- Hobson, JM (2003) 'Disappearing Taxes or the "Race to the Middle"? Fiscal Policy in the OECD' in L Weiss (ed), *States in the Global Economy*. Cambridge: Cambridge University Press.
- James, C (1998) 'The Policy Revolution 1984-1993' in R Miller (ed), *New Zealand Politics in Transition* Auckland: Oxford University Press.
- Lavelle, A (2005) 'Labor and Globalisation: From Keating to Latham' 40(1) *Australian Journal of Political Science* 51.
- Maddison, S (2006) 'Ideas from 'Across the Ditch'? Wedge Politics in the 2005 New Zealand Election' 41(3) *Australian Journal of Political Science* 427.
- McCombs, M (2005) 'A Look at Agenda-Setting: Past, Present, and Future' 6(4) *Journalism Studies* 543.
- McGregor, J (1996) 'Hidden Hands: The News Manipulators' in J McGregor (ed), *Dangerous Democracy? News Media Politics in New Zealand* Palmerston North: Dunmore Press.

- Miller, R (2005) *Party Politics in New Zealand* Melbourne: Oxford University Press.
- Nadeau, R, RG Niemi, DP Fan, and T Amato (1999) 'Elite Economic Forecasts, Economic News, Mass Economic Judgements, and Presidential Approval' 61(1) *Journal of Politics* 109.
- Nadeau, R, RG Niemi, and T Amato (2000) 'Elite Economic Forecasts, Economic News, Mass Economic Expectations, and Voting Intentions in Great Britain' 38(1) *European Journal of Political Research* 135.
- Newton, K and M Brynin (2001) 'The National Press and Party Voting in the UK' 49(2) *Political Studies* 265.
- New Zealand Audit Bureau of Circulations (2005), <www.abc.org.nz>.
- New Zealand High Court (2005) 'Dunne, Anderton v Canwest – High Court Judgement, Press Release' *Scoop* 12 August, <www.scoop.co.nz/stories/PO0508/S00149.htm>.
- New Zealand Treasury (2005) 'Selected Statistical and Financial Data' *New Zealand Economic and Financial Overview*, <www.treasury.govt.nz/nzefo/2005/selected.asp>.
- Rudd, C (1992) 'Elections and the Media' in M Holland (ed), *Electoral Behaviour in New Zealand* Auckland: Oxford University Press.
- Rupar, V (2006) 'How Did You Find That Out? Transparency of the News-gathering Process and the Meaning of News: A Case Study of New Zealand Journalism' 7(1) *Journalism Studies* 127.
- Sanders, D, D Marsh, and H Ward (1993) 'The Electoral Impact of Press Coverage of the British Economy, 1979-87' 23(2) *British Journal of Political Science* 175.
- Sinclair, TJ (2000) 'Deficit Discourse: The Social Construction of Fiscal Rectitude' in RD Germain (ed), *Globalization and Its Critics: Perspectives from Political Economy* London and New York: Macmillan and St Martin's Press, 185.
- Steinmo, S (2003) 'The Evolution of Policy Ideas: Tax Policy in the 20th Century' 5(2) *British Journal of Politics and International Relations* 206.
- Street, J (2005) 'Politics Lost, Politics Transformed, Politics Colonised? Theories on the Impact of Mass Media' 3(1) *Political Studies Review* 17.
- Swank, D and S Steinmo (2002) 'The New Political Economy of Taxation in Advanced Capitalist Democracies' 46(3) *American Journal of Political Science* 642.
- Vowles, J (2001) 'Voting Behaviour' in R Miller (ed), *New Zealand Government and Politics*, 2nd ed, Auckland: Oxford University Press.

Cases

- Dunne v Canwest TVWorks Limited (unreported, NZHC, CIV 2005 495 1596, 11 August 2005).